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## Victory by Students In France Obscures Political Outlook

### LATE NEWS

#### France Seeks Terror Courts

PARIS (AP)—The French government will ask the National Assembly to allow special courts composed only of judges to try terrorist suspects, the Justice Ministry said Tuesday.

The ministry said the request resulted from the murder trial of three alleged members of Direct Action, a leftist guerrilla group. The trial was postponed indefinitely because five persons withdrew from the jury.

### INSIDE TODAY

**Ronnie Stevens, left, and Frankie Howard performing in a London revival of "A Funny Thing Happened on the Way to the Forum." Arts/Lesure, Page 7.**

### GENERAL NEWS

■ **Annual Meetings.** A Soviet dissident, who after serving a prison term for a 1978 article, is to be released by the U.S. and European countries because of his anti-Soviet activities. Page 9.

■ **Japan's trade surplus is showing signs of retreat.** Page 9.

■ **Iran Level.** Iran's nuclear program is in a state of retreat. Page 12.

## Kohl Challenger Hopes Faith Overcomes Polls

By James M. Markham  
 New York Times Service

HAMBURG — "We have no reason to be resigned," insisted Johannes Rau, twisting to the side of the podium and thrusting his fingers of his right hand as if they contained a ball. "The opinion pollsters have often been wrong."

The 55-year-old politician, recently married for the first time and newly the father of three young children.

It was to be an unabashedly "American" campaign, taking advantage of the apparent unpopularity of Mr. Kohl. But after the Hamburg defeat last month, the architect of Mr. Rau's campaign, Bodo Hombach, 34, was dismissed from the national staff and sent back to North Rhine-Westphalia.

Outside of his home state, Mr. Rau has somehow failed to ignite enthusiasm. He comes across as a demagogue rather than the mold of Mr. Kohl.

See PARTY, Page 6

By Joseph Fitcher  
 International Herald Tribune

PARIS — The government's decision to capitulate to students and withdraw its proposed changes in the university system has produced several big losers but no clear political winners.

Officials close to Prime Minister Jacques Chirac and President François Mitterrand hesitated to draw quick conclusions about Mr. Chirac's abandonment of the changes on Monday in the face of widespread student protests.

But they said that the prime minister's credibility has been damaged and his government's wider effort to make France a more competitive society has been slowed.

Most are reluctant to predict the full political impact, mostly, they say, because the student movement presented some unusual features.

"This young generation," said a senior Socialist who is a presidential aide, "is in many ways conservative, demonstrating in the streets because they worry about getting jobs, not because they want to overthrow the government or change society."

"They are idealistic and moralistic in rejecting violence and wanting a society of equal opportunity, but most do not have traditional political alignments," he said.

Profiles of the demonstrating students in the French news media confirmed this impression of a generation of students whose main values are work, success and family life and a rejection of violence. This contrasts sharply with the revolutionary zeal of leftist student activists in May 1968.

Nonetheless, politicians wonder whether the hundreds of thousands of young people, whose spontaneous movement threatened order, will present Mr. Chirac with his greatest crisis, could catalyze national opposition on other issues.

The conservative government that came to power in March has promised to pursue a policy of "order, justice and reform" in the economy and reduce the state's role in social issues. Economic revival, including dismantling state-owned industries, have started successfully.

But Mr. Chirac may have to reconsider planned social changes, according to Alain Juppé, minister of the budget and the government spokesman. For example, child legislation making it harder for immigrants to be naturalized could be reconsidered.

See FRANCE, Page 6



## Paisley Disrupts Thatcher's Speech to European Parliament

The Reverend Ian Paisley, the Protestant leader from Northern Ireland, interrupted a speech Tuesday by Prime Minister Margaret Thatcher of Britain to the European Parliament in Strasbourg, France. Mr. Paisley, a parliamentary deputy, was

protesting the British-Irish accord intended to end the strife in Northern Ireland. Mr. Thatcher twice abandoned her speech, which marked the end of Britain's six-month EC presidency, before security guards removed Mr. Paisley from the chamber.

## Poland Won't Allow A Visit by Kennedy

By Jackson Diehl  
 Washington Post Service

WARSAW — The Polish government announced Tuesday that it would not be possible for Senator Edward M. Kennedy to visit Poland this month to present an award to two senior leaders and to meet with Lech Walesa, the founder of Solidarity, the Polish government union.

The announcement appeared to reverse a previous agreement to allow Mr. Kennedy to visit Poland this month to present an award to two senior leaders and to meet with Lech Walesa, the founder of Solidarity, the Polish government union.

On Christmas Eve, Mr. Kennedy had planned to attend Mass at the St. Stanislaw Kordia church in Warsaw, a major gathering point for Solidarity supporters since the murder of his priest, the Reverend Jerzy Popieluszko, by security forces in 1984. Aides said Mr. Kennedy was to lay a wreath at the grave of Popieluszko, who was killed in 1984 at a Solidarity trade union.

Two Kennedy aides who visited Warsaw and Gdansk last month said they had obtained informal government consent for the visit. Mr. Kennedy was to be accompanied by a large party of family members and aides.

The government's move to block the trip came amid negotiations with the Reagan administration over ways to improve relations between Washington and Warsaw.

See POLAND, Page 6



Edward M. Kennedy

General Wojciech Jaruzelski, the Polish leader, is seeking an end to the U.S. sanctions imposed on Poland five years ago, when Solidarity, Eastern Europe's first free trade union, was suppressed under a declaration of martial law.

The State Department's deputy assistant secretary for European affairs, Thomas W. Simons, held four days of talks with officials here last week on possible improvements in ties. A more senior official, Deputy Secretary of State John C. White-

## South Africa Said to Get U.S. Arms

International Herald Tribune

PARIS — Arms from the United States and Europe are being diverted to South Africa as part of a large-scale undercover operation in defiance of U.S. and international law, a London newspaper reported Tuesday.

The newspaper, the Independent, said that the arms involved about 40 tons of machine-guns and 30 tons of rocket launchers and specialized that they are "almost certainly" part of covert aid by the U.S. government to anti-government guerrillas in Angola.

It quoted an unnamed British arms dealer as saying that South Africa had used machine-guns or rocket launchers in such quantities and that these weapons could therefore only be going to the Angolans.

The paper said that it learned of at least three planned air lifts, and that some of the equipment is thought to have been flown to Johannesburg from Europe.

The paper cited:

- A plan to send almost 40 tons of machine-guns from San Pedro Sula in Honduras to Johannesburg.
- An airlift of nearly 20 tons of rocket-launching equipment to Johannesburg from Switzerland.
- A recent airlift of arms to Johannesburg from Brussels. The paper said, without citing sources, that this airlift "probably involved a U.S.-owned freight aircraft."

In the first operation, Air Charter Centre, an air-freight broker in Brussels, sent out requests by telex on Nov. 28 for tenders to fly about 20 tons of equipment to Johannesburg from Honduras to South Africa, the paper said. A subsequent telex referred to the guns as "special goods."

The paper quoted "sources within the international air transport industry" as saying that the equipment was originally meant to fly from Connecticut to Spain, where it was to be transferred to a plane for the end user. The end-user certificate was then changed to Honduras, the paper reported, and the weapons were flown to San Pedro Sula airport.

The paper said it "understood" that the U.S. Customs Service did not object to the change in the end-user certificate.

See ARMS, Page 6

## 2 Former Aides Of Reagan Again Refuse to Testify

By Walter Pincus  
 Washington Post Service

WASHINGTON — Two key former Reagan administration officials refused once again on Tuesday to answer questions before a House committee about the administration's secret arms sales to Iran and the diversion of profits to the Nicaraguan rebels.

Vice Admiral John M. Ponderstein, the president's former national security adviser, and Lieutenant Colonel Oliver L. North, his former aide, appeared at a nationally televised hearing of the House Foreign Affairs Committee. They rejected the panel's attempts to learn the precise events of the affair.

The hearing came a day after Robert C. McFarlane, President Ronald Reagan's former national security adviser, testified that he was told last May by Colonel North that "the U.S. government had applied part of the proceeds" from the Iranian arms sales "to support the Contras" or Nicaraguan rebels.

Mr. McFarlane's testimony contradicted assertions by Mr. Reagan and Attorney General Edwin Meese III that no American played a role in funding the money to the rebels. It also contradicted statements by others in the administration who have said Mr. Reagan did not know in advance that Israel had agreed to act as a middleman in transferring U.S. arms to Iran.

In four hours of testimony before the House Foreign Affairs Committee, Mr. McFarlane said he had been informed of the U.S. government role by Colonel North at the time the two men secretly traveled to Iran in an attempt to exchange U.S. arms for American hostages held by pro-Iranian extremists in Lebanon.

Committee members tried to get Mr. McFarlane to say that neither Colonel North nor Admiral Ponderstein would have initiated the diversion of funds from the arms sales to the Contras without approval or approval of the president.

Mr. McFarlane several times said they would have needed "higher authority" but balked at saying it would necessarily have come from Mr. Reagan.

Also Monday, Secretary of State George P. Shultz told the House Foreign Affairs Committee that the White House, without informing him, had jumped the chain of command and established secret communications with the ambassador to Lebanon on negotiations for the release of hostages in Lebanon.

"I am, to put it mildly, shocked," Mr. Shultz said, to find out that the ambassador, John H. Kelly, a career diplomat and his own subordinate, apparently knew more about the secret sale of arms to Iran than the secretary of state. He said Mr. Kelly had informed him of the events last week.

Mr. Kelly, who had repeated, See HEARING, Page 6

## Shultz Starts 'Rebuilding' In Europe

United Press International

LONDON — Secretary of State George P. Shultz met Tuesday with his counterparts from Britain, West Germany and France to begin what he called a "rebuilding job" following the U.S. crisis over arms sales to Iran.

Mr. Shultz spent the day in meetings at the secluded country estate of Sir Geoffrey Howe, the British foreign secretary, at the start of three days of consultations with the European allies in London and Brussels.

"I have a rebuilding job to do and that's what I'm going to try," he said.

A lesson on government from a former professor, George P. Shultz, Page 2.

and do on this trip," Mr. Shultz told reporters about his U.S. Air Force jet on its flight to London on Monday night.

Mr. Shultz conceded that the allies are concerned about the sale of U.S. arms sales to Iran and diversion of the profits to the Nicaraguan rebels might paralyze American foreign policy.

But he denied "any present weakness in the United States" and said that the Soviet officials were thinking of exploiting the situation, "they should get over it."

The Reagan administration's anti-terrorism campaign has been undermined by the disclosure that at a time when it was publicly urging the allies to isolate alleged terrorist states, the U.S. was secretly shipping arms to Tehran.

Mr. Shultz was taking part in the annual meeting of the German

## An Ex-General Emerges As Secret Arm of Policy

By Charles R. Babcock  
 Washington Post Service

WASHINGTON — Major General Richard V. Secord, a retired air force officer, has emerged in testimony by Secretary of State George P. Shultz as a secret arm of U.S. foreign policy.

General Secord, according to the testimony, appears to be a jack-of-all-trades who, as a private businessman, was a central figure in selling arms to Iran, set up the supply network to the Nicaraguan rebels and assisted in negotiations for release of American hostages in Lebanon.

For two months, reporters have explored General Secord's hidden role in the clandestine air operation that supplied weapons to the rebels, known as "contras."

He has been described as an organizer of the operation, working at the request of Lieutenant Colonel Oliver L. North, the recently dismissed National Security Council official accused of diverting profits from the Iran arms sale to the "contras."

General Secord's role became known on Monday.

In testimony before Congress, Mr. Shultz revealed that he had been bypassed when the U.S. ambassador to Lebanon used CIA communications in October and November to confer with General Secord and Colonel North about the hostages. It was the first time that a government official has publicly named General Secord in connection with the Iran operation.

Meanwhile, officials in Switzerland said General Secord and Colonel North were identified as being under criminal investigation by the U.S. Justice Department, which is seeking Swiss help in freezing two General Secords in Geneva bank accounts in General Secord's name allegedly used to divert money from the arms sales to the "contras."

A source in Washington confirmed that General Secord, who developed a close relationship with Colonel North before leaving government service in 1983, is under investigation. A Justice Department spokesman declined to comment.

There are many questions about



Richard V. Secord

General Secord's involvement. Was he acting as a private citizen or had he been deputized by the U.S. government? Was he paid for his work? Did he collect commissions on arms sales, either to Iran or to the rebels? Who got him involved?

Colonel North or someone in the intelligence community, where he has many contacts?

General Secord, a businessman associated with a Northern Virginia company that sells security systems abroad, could not be reached for comment. His lawyer, Thomas Green, declined comment.

Information drawn from interviews and records indicates that General Secord played an important role in the administration's drive to keep arms flowing to the Contras after Congress cut off direct military assistance in October 1984.

General Secord acknowledged in a recent interview that he sold a small short-takeoff-and-landing plane to the rebels but said he did little more than provide advice on how to set up the secret supply network. But crew members in the operation have said that General Secord's role was more important.

The rebel supply network became public when Nicaragua



HEAD LINES — François Léotard, French minister of culture and communication, skims the plumes written on the head of Shozo Shimamoto, a Japanese artist. An exhibition featuring works of Japan's avant-garde from 1910 to 1970 opened Tuesday in Paris.

## Japanese Photo Magazines Snoop Out Sex, Scandals

By John Burgess  
 New York Times Service

TOKYO — The Japanese public first knew Tomoko Takabe as an up-and-coming adolescent actress with parts on a television comedy show and family drama. Then Focus magazine got hold of her.

In June 1983 it published a two-page photo of Miss Takabe snuggled beneath a cigarette in her lips. She was 15 years old at the time.

"Nowadays, ordinary girls are happy to be photographed in the nude by their boyfriends," the magazine told readers in a breezy tone. It had received the picture from a photographer who had been dumped and wanted revenge.

As a result, Miss Takabe was kicked off television and suspended from school. She later made a comeback, but the boyfriend was not so lucky. He committed suicide three months later — distraught, it was said, over the resulting publicity and lawsuit.

For Focus, it was all in a day's work. It is the pioneer of a new wave of journalism in Japan, the weekly photo magazine.

Focus and four imitators are now selling five million copies a week, provoking much hand wringing over privacy and freedom of the press but little action.

Focus appeared in 1981 at a time when sales of traditional magazines heavy on gray print and light on photos, were faltering. It quickly spawned two imitators, Friday and Emma. Two more imitators, Touch and Flash, jumped into the market this fall, raising total newsstand sales to about \$5 million a week.

The new generation has grown up more on visual and audio, and doesn't want to read that much, is bored by reading," says Bernard Krisher, a former Newsweek correspondent in Japan who is chief editorial adviser to Focus.

The format is a full-page or double-page picture with a few paragraphs of brightly written prose alongside. Most of the content, in fact, is nonsensical, at times even uplifting and educational: a Japanese magazine making it big on the world concert circuit, a portrait of the imperial family at the racetrack with a visiting Prince Philip, Prime Minister Yasuhiro Nakasone traveling abroad.

But those are not the stories people remember, or the secret of the publications' success. Flip through an issue and you are likely to find one, if not all, of the following features:

- **Adultery.** Magazine photographers seem to lurk in the halls of every hotel and alleyway in Japan. There, show business figures, politicians, business leaders trying to make discreet getaways are frozen on film, often with hands raised in futile concealment.
- **Corpses and carnage.** Last year, magazine vied to be the most "daring" in capturing the cleanup on the mountain where a Japan Air Lines 747 crashed and killed 520 people. Several limbs were forensic subjects. If a celebrity jumps off a building, you may expect a picture of the crumpled body on the pavement.
- **Urisation.** In 1982, Focus caught a star with a photo of Ichiro Nakagawa, a member of the ruling party from Hokkaido, relieving himself under a glass skyscraper in Tokyo. A clinical view of the fresh double womb of a Japanese actress, accompanied by a nude shot of her.

Editors defend their photo magazines with a clutch of arguments based on the public's right to know.

Still, from time to time Japanese society's more sober passions declare that enough is enough. This fall, as the two new photo magazines appeared, the major national newspapers let loose a broadside against their breed of journalism.

"The public's right to know" must never be confused with the "desire to snoop," declared the Asahi Shimbun.

He later killed himself — because of the incident, some said.

Sex. The magazines keep readers up to date on new striptease acts and sadomasochism clubs in Tokyo and other cities.

Celebrities. It is best if they are caught in some unintended pose, as with the Focus shot of the American entertainer Cher. Her emergence from a car revealed a lack of underwear.

"The generally bizarre. A skull said to be Mozart's. A trio of daredevils hanging upside down outside a glass skyscraper in Tokyo. A clinical view of the fresh double womb of a Japanese actress, accompanied by a nude shot of her.

Editors defend their photo magazines with a clutch of arguments based on the public's right to know.

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But if we increase in the south east...

# Royal Dutch/Shell Wrestles With Consumer Boycott Over Business in South Africa

By Michael Isidoff

WASHINGTON — It began with a labor dispute at a South African coal mine. The death of a worker in a dump-truck accident led to a strike by miners over their right to hold a memorial service. As tensions escalated, private security forces, using tear gas and rubber bullets, were called in and 129 workers were dismissed.

That February 1985 incident at South Africa's Rietvlei mine, half of which was owned by Royal Dutch/Shell Group, was the spark for what has turned into an international boycott of Shell spearheaded by a coalition of American labor and anti-apartheid groups demanding that the company pull out of South Africa.

In the United States, the campaign has produced picketing in front of Shell gas stations in more than 20 cities, demonstrations in front of Shell Oil Co. corporate offices and the cutting up of hundreds of Shell credit cards.

In Europe, where boycott activity has spread to seven nations, some of the

consequences have been more disruptive. On two occasions last spring, gasoline fire bombs exploded at Shell stations in the Netherlands and there have been reports of vandalism at a handful of other Shell stations. On Nov. 15, during an international "day of action" against Shell, a company service station in Denmark had its gas hoses cut and sugar dumped into its gas tanks.

The boycott is one of the more dramatic examples of the escalating pressures that have forced multinational corporations operating in South Africa. The extent to which those pressures have spread across the Atlantic was underscored last month when Britain's Barclays Bank announced that it will be leaving South Africa, following the lead of such major U.S. companies as General Motors Corp. and International Business Machines Corp.

But there is another dimension to the debate over Shell that has prompted the anti-apartheid activities to target the company. Royal Dutch/Shell Group, a giant Dutch-British concern with headquarters in London and The Hague, is

the oil company with the largest and most extensive investments in South Africa. As a result, activists say, Shell's operations there symbolize one of the most sensitive issues in the debate over South African disinvestment: the crucial, and sensitive, role that international oil plays in the South African economy.

"Shell petroleum is in the vehicles that lumber into the black townships to bring the soldiers that are arresting and killing people," charges Randall Robinson, executive director of TransAfrica and one of the organizers of the Shell boycott. "It plays a pivotal and strategic role in propelling up the South African economy."

So far, Shell officials are playing down the boycott, saying there is no evidence that it is catching on or hurting the company's overall sales. Yet there are signs that the campaign has rattled the world's second-largest oil company.

In South Africa, Shell executives have walked recently about the international "day of action" facing the company. At last partly in response, John R. Wilson, chairman of Shell South Africa Pty., has

become increasingly outspoken in his public denunciations of South African policies, embroiling him in a row with President Pieter W. Botha.

In the United States, company officials express concern that the boycott might escalate and hurt the independent dealers and jobbers who operate about 11,500 Shell gas stations. At least two of those dealers, one in West Virginia and another in Illinois, have dropped their affiliation with Shell over the protest.

"The boycott is a concern to Shell," said Tony Canning, a spokesman at Shell headquarters in Houston. "This could adversely affect the business of our dealers and our jobbers. They're the ones who see the picketers and have the customers turned away." He added, "They've done nothing to deserve this happening to them."

The idea for a worldwide boycott against Shell — strongly pushed by Richard Trunka, president of the United Mine Workers union who has rebuffed the company over lingering contract disagreements in the United States — appeared to anti-apartheid activists

because of the company's pre-eminent position in the South African oil market.

Shell is only one of several international oil companies that operate in South Africa. Mobil, Exxon, Esso, Amoco and French-based Total are the others. But Shell, with an estimated \$400 million in assets and more than 2,500 employees, is the biggest and most influential.

Shell South Africa co-owns the largest oil refinery, co-manages the largest offshore oil import facility, operates a major oil pipeline, owns 353 gas stations and has extensive investments in chemical and asphalt plants as well as coal, lead and zinc mines.

Shell officials in London and The Hague, the company's dual headquarters, say withdrawal would have no effect on the South African government. The company's oil facilities would simply continue to operate under different ownership, they say.

"In our view, disinvestment would be nothing more than an empty gesture," said Michael Herbert, the director of Shell's external affairs, in a telephone

interview from London. "It would result in nothing more than the replacement of the Shell emblem with somebody else's — and that somebody else might not be as established an employer as we like to think we are."

However, company officials acknowledge that the boycotts focus on the supply of oil that has placed them in an awkward position. South Africa has virtually no indigenous crude oil. Shell, as well as all the major oil companies, rely heavily on imports from the Persian Gulf, which they cannot import crude petroleum into the country — a restriction imposed by all members of the Organization of Petroleum Exporting Countries as well as the United Nations General Assembly, which has been urging an international oil embargo on South Africa since 1963.

That leaves open the question of where and how Shell South Africa obtains the oil that it refines and markets. The company says it cannot say, because of South African laws that prohibit domestic companies from disclosing where their corporate parents, or any information about the country's oil supplies or to whom they sell.

Lester van Wachen, president of Royal Dutch/Shell Group, said recently that Shell South Africa must "abide by the laws of that country." As a result, he said, he could say only that the South African subsidiary gets its oil from unspecified "third parties," adding that Shell officials "do not know from whom or where the oil comes."

"Obviously, Shell South Africa knows, but they are not allowed to tell us," he said. "I realize that doesn't sound very credible and this is one of the problems we face. But it does happen to be true."

Such comments have been greeted with varying degrees of disbelief and it is preposterous that a corporation the size of Royal Dutch/Shell does not know where one of its wholly owned subsidiaries procures its oil," said Kenneth Zim, international representative and Shell boycott coordinator for the United Mine Workers. "They are responsible for the actions of their company."

## Israeli Forces, in Gaza And West Bank, Shoot 2 More Arab Youths

By Thomas L. Friedman

JERUSALEM — A 16-year-old Palestinian was shot and wounded Tuesday in the Gaza Strip, as sporadic clashes between Israeli troops and Arab demonstrators broke out for the third day.

An Israeli military spokesman said that the Palestinian tried to grab the rifle of an Israeli soldier during a demonstration in the al-Bureij refugee camp. A fight erupted between the two and the soldier shot the youth in the head "out of self-defense," the spokesman said.

At least three young Palestinians have been killed and more than 20 wounded by Israeli soldiers in the past few days of rioting and stone-throwing against Israeli forces in the occupied West Bank and Gaza Strip.

[Another Arab youth was wounded in the head by security forces at a protest in the Dababsha refugee camp near the West Bank town of Bethlehem, Reuters said.]

## A 3d Truce Is Shattered In Lebanon

Reuters

MAGHDOSH, Lebanon — Fighting broke out in refugee camps in Lebanon Tuesday, shattering the third cease-fire in four days. Palestinian guerrillas, meanwhile, dug new trenches in this strategic southern village.

The withdrawal of the Palestinians from Maghdosh was stipulated Monday in a cease-fire agreement that was mediated in Damascus with the help of Iranian and Libyan officials.

In Beirut, residents said a pull of smoke shrouded the camps of Chaltia and Buji al-Brajil as Shiite Muslim militiamen and Palestinian guerrillas clashed with rocket-propelled anti-tank grenades.

More than 500 people are said to have died in fighting at five refugee camps near Beirut since the start of the Shiite Arab militia has accused Yasser Arafat, chairman of the Palestine Liberation Organization, of seeking to establish a new military stronghold in Lebanon.

The PLO has accused Syria of supporting the Shiite Muslim Arab militia in a plan to chase Palestinians from Lebanon.

Both Palestinian and Iranian sources in Lebanon said that despite cease-fire violations on Tuesday, talks were still underway to try to implement a truce.

The accord appeared to have solved a crucial problem, where previous peace efforts had failed.

It said Palestinians should hand over their positions at Maghdosh to fighters of the pro-Iranian Hezbollah, or Party of God.

**Arab Meeting Extended**

The Arab League's Council of Ministers extended its session Tuesday for a second time as disagreement continued over a final resolution concerning the fighting in the refugee camps. The Associated Press reported from Tunis.

The special session of the council was called by the PLO, the group seeking Arab guarantees to halt the fighting.



## Farewell to Hong Kong Governor

The coffin of Sir Edward Youde being carried Tuesday from St. John's Cathedral in Hong Kong. Sir Edward, who died Thursday at 62, was eulogized for his role in negotiations with Beijing for the peaceful return of Hong Kong to Chinese sovereignty in 1997. He was the first of the colony's governors to die in office.

## Lessons From Professor Shultz

### House Panel Gets a Civics Course on the Reagan Style

By R.W. Apple Jr.

WASHINGTON — Secretary of State George P. Shultz, who was once a professor, used his appearance Monday before the House Foreign Affairs Committee to teach the Congress and the country a little about the way the country is not governed in the Reagan era.

In the process, he shed some light on how the Iran arms controversy may have developed and on his own stewardship of American foreign policy.

His tone was alternately avuncular, apologetic, angry, perplexed, and resigned. But throughout his two hours of testimony, he gave an insider's view of a kind more often heard at Georgetown dinner parties and in the White House mess than on national television.

"Nothing ever goes settled in this town," Mr. Shultz told the committee at one point.

"It's not like running a company or even a university. It's a sort of debating society in which the debate never stops, in which people never give up, including me, and in which the atmosphere in which you administer."

Just such a debate has raged for years over American military aid to the Nicaraguan rebels. And it is the view of many in Washington, inside and outside the administration, that the unwillingness of President Ronald Reagan, Mr. Shultz, and others to give up on the issue, even when a law was passed forbidding such aid, may in part have led Lieutenant Colonel Oliver L. North and his colleagues to "steal" private means of dubious legality to keep the aid flowing.

The secretary himself said on Monday morning that "it was clear that from private sources, presumably, some aid was flowing to the people fighting for freedom and independence in Nicaragua."

"I suspect that," he added, "but he said that he wanted nothing to be done that violated federal statutes."

For his part, Mr. Reagan has seemed ambiguous on this point as well.

More and more has been revealed about governmental and quasi-governmental involvement in raising money for the Contras, as the rebels are known, and in supervising the procurement and delivery of arms. He dismissed Colonel North, for example, but he described him as "a hero."

Monday morning, in a Washington Post op-ed page article titled "The Reagan Revolution," Mr. Reagan at a time of crisis. Patrick J. Buchanan, the White House communications director, went further. He compared Colonel North to some Americans who may have broken the law in the past in pursuit of a cause — those who operated the Underground Railroad for escaped slaves, those who ran guns to Palestine in 1947 and 1948, and Franklin D. Roosevelt when he secretly ordered American destroyers to sink German submarines and inform the British fleet of their movements before the United States entered World War II.

Mr. Buchanan applauded Colonel North's action in diverting profits from secret sales to a Swiss bank account controlled by the Contras, and said the former

National Security Council staff member had been willing to risk his own career to buy time "for his own distrust of the administration."

One of the main themes of Mr. Shultz's testimony was the degree to which he was cut off from information about some stages of the Iran operation.

Intentionally or unintentionally, he wrote, he was kept in the dark by the staff. He said that he had discovered only over the weekend that the U.S. ambassador in Beirut, theoretically his subordinate, had repeatedly earlier this year with key players in the diversion of funds to the Contras, and that he had been kept in the dark by a "back channel."

"If there is a lesson out of all this," he said, "it is that the operational activities, and the staff for monitoring and controlling activities out of the National Security Council staff, is very questionable and should be done except in very rare circumstances."

The example is given of Henry Kissinger's diplomacy with China. He said that Kissinger's style was that of a "back channel" — everybody refers to it — and it was a wonderful thing. On the other hand, to the extent that it causes other people to aspire to be Henry Kissingers, it can get you into trouble. There's only one. They learn the mold when they made them."

Economic growth is expected to rise 3.5 percent, the highest annual rate in half a decade, and living standards have finally recovered slightly after several consecutive years of steep decline.

The new government strategy, embodied in the 1987 budget and a package of measures now before the legislature, is designed to reduce public consumption even further while raising overall economic production, officials say.

Government officials maintain other measures in the latest package will lead to an expansion of free-market forces in the economy.

— JACKSON DIEHL

## For the Record

The earthquake in Bulgaria on Sunday killed three persons, injured more than 30 and nearly destroyed Strazhica, a town of 2,000 about 120 miles (240 kilometers) northeast of Sofia, the BTA news agency reported Tuesday.

Turkey and the United States opened talks Tuesday aimed at approving so far for renewing a military pact that gave Washington air bases and key listening posts in Turkey, a NATO ally. Foreign Ministry officials in Ankara said.

(Reuters)

## Travel Note

British holiday leaders called for a series of strikes over 10 days, beginning Tuesday, by air controllers, rail workers, and bus and truck drivers. Controllers planned to stop work for 24 hours beginning Tuesday evening at Rome and Naples airports. Most international flights and flights to Sicily and Sardinia will not be affected.

(AP)

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## U.S. Helicopters Finish Ferrying Honduran Troops to Border

By James L. McInerney  
New York Times Service

TEGUCIGALPA, Honduras — Nine U.S. helicopters have finished ferrying Honduran troops to the border area where fighting has reportedly been taking place between Honduran and Nicaraguan forces.

Two officials familiar with military activities on the border said Monday that they thought that 1,000 Nicaraguan troops were moving back across the frontier after ranging up to 9 miles (14 kilometers) inside Honduras in pursuit of Nicaraguan rebels.

But in a conflicting account, a Honduran military official said that Monday that fighting was continuing.

There were also unconfirmed reports that the Honduran military had struck after two days of sorties over the weekend.

Officials do not have access to the area and are unable to check conflicting accounts independently.

In the northern Honduran village of Wirwil, soldiers of the New York Times reported on Monday that residents and soldiers said that Honduran military planes had dropped bombs Sunday afternoon near a dirt airstrip used by

Nicaraguan government forces in actions against the rebels.

That incident and another in the nearby village of Mura marked the first time the Sandinista government had said that Honduran aircraft had bombed targets inside Nicaragua.

The regional Nicaraguan military commander, Lieutenant Colonel Javier Carillo, said Monday that he had received intelligence information indicating that the air strike had been "directed by American officials working from bases in Honduras." But he said it had not been possible to identify the two aircraft that carried out the raid.

Seven people, four of them civilians, were being treated for light wounds at the health clinic in Wirwil on Monday. According to the Honduran government, the attack at Mura killed seven soldiers and wounded nine others.

"We don't know what kind of planes they were, but they were combat planes," Colonel Carillo said. "As far as we know, the counter-revolutionaries don't have any combat planes."

The Honduran Air Force owns a squadron of French-built Super-Mystere fighter-bombers. But Colonel Carillo said Nicaragua "has no indication" that the planes that

bombing Wirwil and Mura were either owned or flown by Hondurans.

A U.S. Embassy spokesman in Tegucigalpa, Michael O'Brien, said in a telephone interview that the United States "absolutely and categorically denies" that Americans helped to plan the air raids on Sunday.

"No U.S. planes and no U.S. personnel of any kind were involved," he said.

In Washington, Honduran and Nicaraguan rebel officials said the rebels had agreed to a Honduran demand that they move all their troops into Nicaragua by spring.

The Honduran request was seen as another sign of collapsing support for the rebels in the region.

The fighting around the town of Choluteca, in an isolated border zone known as the Las Vegas Saberes more than 100 miles (160 kilometers) northwest of Tegucigalpa, a wedge of jungle-covered mountains that is the main staging area for the counter-revolutionaries.

Nicaraguan forces have reportedly opened fire in the area since the rebels moved there. The Honduran government's decision to launch air strikes and mo-



Nicaraguan troops near a bombed-out house in the Nicaraguan village of Wirwil, not far from the Honduran border.

bilize troops after months of ignoring Sandinista incursions seems to be highly popular here and was uniformly supported Monday by all the major newspapers.

The operation was requested by the Honduran president, José Antonio Royo, and approved by President Ronald Reagan, U.S. and Honduran officials say.

Sixty American soldiers took part in the operation, including pilots, other crew members and

ground controllers, the second time American helicopters and troops have been involved in supporting Honduran combat units on the border this year.

The Honduran decision to attack the Nicaraguan forces was apparently made largely because Nicaraguan troops reportedly burned three abandoned Honduran villages and also wounded three Honduran soldiers and captured two others last week.

## Wright Would Delay Tax Cut for Wealthy

By Edward Walsh  
Washington Post Service

WASHINGTON — The House majority leader, Jim Wright of Texas, unanimously elected by his fellow Democrats to be the next speaker of the House, suggested that the tax cut in 1988 for the wealthiest taxpayers be postponed as part of a program to reduce the U.S. deficit.

Mr. Wright, who pledged that Democrats will attack the deficit "not with gimmicks, but with the guts to look truth in the eye," made the suggestion shortly after the House Democratic Caucus chose him to succeed the retiring speaker, Thomas P. O'Neill Jr., Democrat of Massachusetts.

Mr. Wright, who will be 64 on Dec. 22 and has been a member of Congress for 31 years, had no opposition to succeed Mr. O'Neill.

At the same caucus, the majority whip, Thomas S. Foley of Washington, was unanimously elected to succeed Mr. Wright as majority leader and Tony Coelho of California easily defeated two rivals to take over as majority whip.

Meanwhile, House Republicans, meeting in a separate caucus, re-elected their leadership without opposition. They are the minority

leader, Robert H. Michel of Illinois, and the minority whip, Trent Lott of Mississippi.

There will be 258 Democrats and 177 Republicans in the next House when Congress convenes on Jan. 6.

On deficit reduction, Mr. Wright said that in addition to delaying some scheduled tax cuts, Congress should consider revising the Gramm-Rudman-Hollings budget-deficit targets to put them on a more "realistic scale" as well as "stretch out" the military buildup a few more years.

He said the deficit target of \$108 billion for the next fiscal year cannot be met without "a dramatic reduction in the military buildup or a substantial increase in revenue or both."

"That's the reality, that's the truth," he added.

The deficit for this year is expected to be about \$170 billion.

Mr. Wright's suggestion on taxes would not affect the reduction in the top income-tax rate from 50 percent to 38.5 percent that is to go into effect next year under the recent tax revision legislation.

He said he was suggesting freezing the top rate at 38.5 percent, delaying an additional cut for the wealthiest taxpayers "until we see that our coast is clear."

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## AMERICAN TOPICS



PREHISTORIC ROADSIDE ATTRACTION — Donald Bean, a retired carpenter, stands with one of the 11 creatures he built for his Dinosaur Gardens in Moscow, Texas. Mr. Bean's roadside amusement park is the biggest tourist attraction in the East Texas town.

U.S. Coast Guard law enforcement officers are in direct conflict over a project to mine the ocean floor.

State and federal laws are in direct conflict over a project to mine the ocean floor. One of the most contentious features of the scenic Big Sur coastline in California, the Los Angeles Times reports.

State and county law restrict development in the area to the point that residents can not put satellite dishes in their backyards. But the U.S. Mining Act of 1972, which was passed to encourage development of the West, permits anyone who finds a valuable mineral on federal land to stake a claim for \$5 an acre (\$12.50 a hectare) and mine it.

That is just what Steven Woolpert, president of Granite Rock Co., intends to do with his mining project on federal land on the slopes of Mount Pico Blanco. His fight with the state of California has now gone to the U.S. Supreme Court, which is expected to issue a ruling by July.

The Little Star River runs between Pico Blanco and state officials fear that quarrying will pollute the river.

Mr. Woolpert says the mountain holds a billion tons of limestone, which "could turn out to be the largest deposit of essentially pure limestone in the country." He says it should be developed "for the use of society."

But Sandy Hiller, of the Big Star Foundation, disagrees: "The quarrying is giving mineral rights to the land and the minerals for nothing. Congress ought to bring this law into the 20th century before we move into the 21st."

Short Takes  
A former game show cohost, Mark Richards, offers a three-hour course in Los Angeles for \$45 on how to pass millions for radio and television game shows. "We're looking for fun people, exciting people who can converse for a minute or two," he says. Sponsors of game shows say they wish he would stop. "We want people to be themselves," says Robin Kenner, executive producer of "Wheel of Fortune." Lisa Palmer, cohost for the "\$25,000 Pyramid," says, "You can tell when some-

one is trying to be a game show contestant." She says she looks for real talent.

A Massachusetts Superior Court judge has ruled that Boston University violated the free speech rights of four students when it threatened to evict them from their dormitories for hanging banners on their windows.

The banners urged the university to divest itself of stock holdings in companies doing business in South Africa. The university said the banners were an eyesore.

Students said they were unfairly singled out, since banners for dances and concerts hung all over the dormitories.

The university is considering an appeal.

Near the U.S. Capitol in Washington is a bar called the Irish Times. Senator Bob Packwood, Republican of Oregon, has been told how to get his name on the list of patrons.

Bill Diefenderfer, sat in a back booth there last spring and wrote a crucial draft of a tax-override bill over two pictures of beer. The bill featured a top tax rate of 25 percent. Now a brass plaque hangs over the booth. Engraved after their two names, is a Diefenderfer quip: "If they had had three beers, the top tax rate would have been 10 percent."

We-related toys for children will be the target for at least 30 U.S. newspaper cartoonists at Christmastime. Bob Stalen, of St. Louis free-lance cartoonist who organized the campaign, said, "At a time when we are supposed to be celebrating peace, it seems insane to turn war into a Christmas present."

Shorter Taken New Orleans used a three-month economy drive a month early after erasing a \$10-million deficit. Cumbucks had included four-day weeks for city workers, with proportionate pay cuts, and police and fire services in emergencies only. "For the first time in the history of the American Contract Bridge League, smoking was banned at the league's fall tournament in Atlanta," a *Official in Lexington, Michigan*, has refunded \$45 each to 30 persons who took and failed the state certified public accountancy exam. They said they were distracted when a rock music band arrived and started singing up.

Arthur Higbee

## Many U.S. Companies Continue Trade With Libya, Using Foreign Subsidiaries

By Robert D. Hershey Jr.  
New York Times Service

WASHINGTON — Scores of American companies, using more than 200 foreign-based subsidiaries, continue to trade with Libya despite the Reagan administration's continued sanctions against the country.

Although the overwhelming majority of such transactions appear to be legal, some have been conducted through the foreign units, investigators for the General Accounting Office tentatively have concluded from their findings that the sanctions have not been as effective as they might have been.

The findings have prevented the major trade that is going on with Libya now have had any significant effect on Libya's economy, according to a briefing last week by GAO officials investigating the effectiveness of the sanctions.

The administration disputes this contention that the sanctions, which went into effect in January, have done little. In fact, the administration predicts that in the 12 months ending June 30 both direct and indirect trade with Libya, including trade by the subsidiaries, will have been cut nearly 75 percent from the preceding year.

The Treasury, said a Treasury Department official who asked not to be identified, "are about the best we have put together."

Despite a possibility that some illegal transactions are taking place, the administration believes that direct trade has been almost entirely eliminated. Such trade involves export and import of goods and services by Americans, deals that are specifically barred by the sanctions.

The executive, Robert E. Wright, addressed a memorandum on the proposed last month to Carolyn B. Dunham, NBC's executive vice president and general counsel, and distributed copies to several other NBC officials.

Lawrence K. Grossman, the president of the network's NBC News division, said Monday that the network's policy would preclude anybody from NBC News from participating in anything like that.

Mr. Wright said NBC News employees would not be expected to participate.

A political action committee raises funds to support candidates chosen by the committee.

Mr. Wright's memorandum said NBC's business and the political process are intertwined, and added, "Employees who do not to participate in a giving program of this type should question their own

dedication to the company and their expectations."

The issue of increasing political involvement by the networks is surely a response to the network's abiding concern over Hollywood's ownership of television programs.

For several years, network ownership of the programs they broadcast has been limited, giving rise to a lucrative syndication market that principally benefits the owners of the programs — the Hollywood producers.

The networks have hoped to enlist the aid of Washington in freeing themselves from such restrictions, but have found little support from the Hollywood producers difficult to overcome.

The broadcasting industry already has several political action committees, including the National Association of Broadcasters Television and Radio PAC.

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In defending it, the Treasury official said the administration was eager to avoid repeating the 1982 episode in which the United States sought to prevent Western equipment and technology from being used for the Soviet Union's nuclear weapons program in Western Europe.

That resulted in fierce debate between the United States and some of its strongest allies over the extraterritorial application of U.S. law, a consequence of including foreign subsidiaries.

Congressional sources said they did not know which companies were still trading with Libya through foreign subsidiaries. However, a company known to figure prominently in the sanctions review was Schlumberger Ltd., a major supplier to the oil field industry.

The company is incorporated in the Netherlands Antilles, but has executive offices in New York and large facilities in Connecticut and Texas.

A spokesman for Schlumberger, Seth T. McCortland, said the company had every right to continue doing business with Libya since it was not an American company.

In the first half of 1986, the GAO estimates, 217 foreign subsidiaries of American companies engaged in \$118 million worth of trade with Libya. Much of this involved the importing of Libyan crude oil and the exporting of oil field equipment.

Despite rumors to the contrary, there appears to be little evidence that any of the five American oil companies that had been operating in Libya are in violation of the order to cease activity there. These companies had been given until June 30 to halt all operations.

While the Treasury Department has made many exceptions and qualifications that the GAO believes have reduced the effectiveness of the sanctions, the most important appears to be the decision not to apply the order to foreign subsidiaries.

The Turkish troops who occupy 37% of Cyprus prevent 200,000 displaced Greek Cypriots from returning to their homes. The few hundred Greek Cypriots still there are being squeezed out and the properties of the displaced Greek Cypriots have been distributed to Turks. On the contrary, the homes of Turkish Cypriots in the free part of the Republic of Cyprus are still officially considered to be their own properties, but the Turkish military occupation regime which forced or lured them away from their homes does not allow them to return there.

About 60,000 settlers from the Turkish mainland have been brought to Cyprus and have been granted "political rights" by the Turkish Cypriot "authorities". Thus, in the area of Cyprus under Turkish military control there is now one mainland Turk, civilian or soldier, for every Turkish Cypriot. The people of Cyprus have the right to reject the massive imposition of foreigners on their homeland.

Turkey is preventing the investigation into the fate of the 1619 Greek Cypriots who have been missing since the Turkish invasion in 1974. Their families have the right to know whether they are alive or dead. The prolonged uncertainty about the fate of their "disappeared" is nothing less than a subtle form of cruel torture.

We claim the Human Right of every Cypriot to live free of the fear of foreign invasion and the suppression of foreign occupation. There are over 35,000 Turkish troops in Cyprus and recently their numbers have been increased and the quality of their armoured forces improved. Concern at this development has been expressed even by Turkey's allies. All these occupation troops should be withdrawn. They have no place in an independent Cyprus and they prevent the restoration of the Human Rights of its citizens.

The violations of Human Rights as a result of the Turkish military occupation of part of Cyprus have been authoritatively verified by impartial international organs, including the commission of Human Rights of the council of Europe. This intolerable situation must not be allowed to continue. We appeal to the international community and particularly to Human Rights organizations to take all steps necessary to put an end to the tragedy of Cyprus.

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## ARTS / LEISURE

## 'Sizzle' Makes Selling Hard Work

By Robert Cushman  
LONDON — It may sound like a cliché, but it is true: In the United States the salesman is king, but why else should Eugene O'Neill and Arthur Miller have written tragedies about him?

Recently the flavor has changed; for David Mamet in "Glengarry Glen Ross" salesmen are figures of desperate comedy. But in Britain we take our pains and our pleasures more mildly, or maybe the subject is less important, or maybe the subject is Peter Gibbs' "Selling the Sizzle," at the Hampstead Theatre, a British huckstering comedy, and the seediness of the subject seems to have infected the play.

"It tries for a tone of riotous indignation. Desmond, a wholesale dealer in bizarre and worthless novelty goods, lives in a state of unkempt, unshaven torpor; but occasionally he rouses himself, dons white top hat and tails, and emerges from behind a screen to address some hopeful employee on the artifice of selling. "Sell the sizzle," he cries, "not the steak."

Or, as the typist of "Chicago" put it, give 'em the old razzle-dazzle. Maybe the routine would work better in a musical. In a play it just looks like hard work, on the author's part rather than the character's, an attempt to create and destroy a powerful theatrical image at the same time. You may admire the ambition, but you cannot believe that Desmond, or anybody else, would actually believe that way.

As for play, Desmond likes Malcolm, who sends the firm's sales curve shooting rapidly up, and as rapidly down again. What excites him on and then off is his passion — an occupational hazard of young male employees in plays and novels everywhere — for the boss's icy desirable daughter, who is apt when in his arms to say upwardly mobile things like "I want all that gifts to be gold." She might be the personification of riches or success in a modern morality play, which does not make her any easier to take or (it seems) to act.

Gibbs is at his best when Malcolm describes the boiling frustrations of life on the road: selling and talking rubbish, sitting in traffic, hunting for a parking space (all this actually happens offstage, of course, but it might make a great TV series). And there is some neat backchat: "I got sympathy orders," Malcolm says, modestly explaining his success. "No such thing!" snaps Desmond with the authority of lifetime in the cesspool, and with a welcome spark of Disraeli-Landau's usually impeccable timing.

For much of the play though he is strangely ill at ease; a spruce

mixture of fraud, exploiter and victim, all pretty visible from the start. The play is in love with its own idea (vide the title) but has failed to flesh it out.

Another kind of comic experience is to be had in the revival of "A Funny Thing Happened on the Way to the Forum," transferred from Chichester to the Piccadilly. Several kinds in fact. First there is the archetypal traditional farce, seamlessly assembled by Bert Shevill and Larry Gelbart from half a dozen ancient Roman mirthpieces and masterfully summarized by Stephen Sondheim's opening lyric: "Goodness and business men in his madness, / This time it all turns out all right." Comedy tonight.

But though the structure may be universal, the style is not. It is classic Jewish-American patterning: a mine field for British performers who underline what should come naturally and are always behind or ahead of the right spontaneous tempo. When in doubt they camp; there are three mincing performances here, which is at least two too many.

At the center of it, and still our

**Frankie Howerd is still Britain's greatest comedian**

actor flailing about in suspenders and mismatched socks. On the other hand, David Threlfall — the bearded, graying, and slightly off-kilter "Nicholas Nickleby" — is dazzlingly unrecognizable in a succession of sharp suits, and his manic energy as Malcolm reaches the end of his rope, keeps the evening on its legs; but he is not the protagonist, and all we have learned of Desmond by the end is that he is a

greatest comedian, is Frankie Howerd, returning after 30 years to the role of Pseudolus, scheming slave and master of the revs. In some respects he is past it, his singing voice he never had is gone, so "Pretty Little Picture," the most delightful song in the score, had been used and "Comedy Tonight" itself is garbled. So much of the dialogue, especially the bits that tell the story. In fact, Howerd in "Forum" is a considerable disappointment. Howerd alongside "Forum" is another thing, and a very funny one indeed. The role allows him direct access to the audience and he takes it, shamelessly. Outraged propriety is his stock-in-trade; he clucks reproachfully at us when we spot a double meaning where, he would have us believe, none exists. Nor are his fellow actors spared his censure; if something goes wrong, and it does tend to, Howerd and the culprit will engage in the kind of protracted dialogue for which time and the world stand still.

Loon Greene, who plays the warrior Miles Gloriosus, has a tongue-twisting line that takes him ages to get out. "What a terrible actor," says Howerd, in an encouraging sort of way. "You have to be for this part," splutters Greene. Of such moments are legends made. The production is cult-rate, but Howerd, the script and the score — all in their different ways

batteled but indestructible, make it the most hilarious show in town. Robert Cushman is a former theater critic for The Observer.



Frankie Howerd in "A Funny Thing Happened on the Way to the Forum."

## DOONESBURY



## Jazzman Sun Ra and His Arkestra Keep on Glowing

By Mike Zwerin  
International Herald Tribune

PARIS — For more than 30 years now Sun ("I tell them all different ages, I come from another dimension") Ra has been his UFO brand of free jazz with mythology, numerology, hieroglyphics, astronomy, ontology, electronics, gold land, the Bible, communal living and Fletcher Henderson.

He recently mailed a subsidy proposal for himself and his Solar Space Interplanetary Mytho-Science Arkestra, who have lived as an extended family in Chicago, New York and Philadelphia, to teach in France. But Ra figures he "must have written it in his space language because the fellow at the Ministry of Culture said it was too involved. [The ministry also says it's too expensive.] I said something about the importance of music as planetary language and that everything has been tried except what I'm doing. Like politicians follow sentences, musicians follow masters. Some people are natural leaders. The statesman must get together and support the masters because it's going to take masters to get this planet straight."

Ra, who says, "I've been to Jupiter, I wasn't a dream it was reality," was born in Birmingham, Alabama, either in 1915 or 1928, depending on which encyclopedia you read. "My first band was called The

Revelers, but then I decided I didn't want to be a professional musician. So I got a scholarship for teachers training at Alabama A&M, up near Huntsville. But my old band showed up, they all followed me. They said wherever I was they would say there. So the president gave everybody a scholarship. It just happened, some things are fated."

Playing his atmospheric, programmatic works, the Arkestra has since explored bizarre textures, maverick voicing, massive percussion and electronics before their time. They began to wear Egyptian headdresses, Robin Hood caps, burros, turbans and hot-colored African robes during an otherwise "cool" period. Instrumentation varies from 10 to 30, including a first-rate, depending on the budget. The late John Coltrane acknowledged the roadman John Gilmore, who has been with Ra since 1956, as one of his major influences.

Recently, before two nights at the New Morning here, Ra said: "My music is outside the realm of the future, on the turning point of the impossible. I'm dealing with equations and duality. Like Coltrane is equal to D-flat, they're not the same. And like life. This planet is a penitentiary. Everybody's got life here. But life means eternal imprisonment. The judge says, 'I give you life,' which means a sort of death before death."



"This planet is a penitentiary."

"What's the purpose of man, of our being here? Our purpose is to die, nothing else. Once you understand that you can accept life. I'm dealing with reality down to the bottom line. Look! The bad things always spread, like AIDS. Disease spreads, so suppose we had one tiny seed of happi-

ness on this planet. If it was powerful enough it would spread. The good things have never had a chance. Happiness can be contagious. That's what I'm trying to do, put happiness on this planet through music."

Ra realized he was "moving out on unknown plains" when he played piano and arranged for Fletcher Henderson in 1950. "All the guys were complaining about my weird chords," said Ra. "I told them, 'Fletcher hired me, you just play your horns.' I told Fletcher about it and he said he'd solve that. He called a rehearsal for the next day. I brought in an arrangement of 'Dear Old Southland.' It was very simple, three chords to a measure. After two hours, Fletcher told them, 'Well, you just can't play it.'"

Along with how to combine tradition with the future, and how to live and travel cheap, Ra's expanded family learns that in numerology "Sun" equals the number nine, and that "Nine in the alphabet is equal to the letter 'I,' which also means the 'eye' in the sky. The sun is God's private eye, that's how he gets the dope on people. He sees and hears everything you do and say. And 'Ra' is the name used for the sun in Egypt. Now, R is 18, and one plus eight equals nine. I deal with the number nine. 'A' is one — back to the I-eye. It all adds up."

Ra claims that musicians have always been slower to appreciate him than the public. This led to the Arkestra's "low profile" in Philadelphia in the early '60s.

"Musicians think I'm too far out for the audience. That's the word on me," said Ra. "But people ask, 'Have the musicians caught up with Sun Ra yet?' I keep advancing. Everybody should. Man only uses five percent of his brain. That's why I say mankind has to cooperate. If you get 50 men together you get 100 percent brainpower. We can travel alone anymore."

So Ra raised his profile and has, he says, in recent years been given the keys to the cities of Providence, New Orleans, Detroit and Atlanta. "I met a guy from Siberia last night, he says they know about me out there. We got a standing ovation from the 'mountain people' who grow all that grass up in northern California. We got a standing ovation a few months ago in Berlin. I don't really want to leave the States, but the question is in France interested in something that's never been tried before. One way or another, what I've got to do now is put the full flow of my music out there."

Sun Ra Arkestra: Amsterdam (Bism Huis), Dec. 11; Cologne, Dec. 12; Hannover, Dec. 13; Milan, Dec. 15-18.

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AT&T	104.00	103.50	103.50	-0.50	
GE	44.00	43.50	43.50	-0.50	
Merck	114.00	113.50	113.50	-0.50	
Boeing	104.00	103.50	103.50	-0.50	
Amgen	114.00	113.50	113.50	-0.50	
Amgen	114.00	113.50	113.50	-0.50	
Amgen	114.00	113.50	113.50	-0.50	
Amgen	114.00	113.50	113.50	-0.50	

Market Sales					
NYSE	4.8m	4.8m	4.8m	4.8m	4.8m
AMEX	0.2m	0.2m	0.2m	0.2m	0.2m
NASDAQ	1.2m	1.2m	1.2m	1.2m	1.2m
NYSE	4.8m	4.8m	4.8m	4.8m	4.8m
AMEX	0.2m	0.2m	0.2m	0.2m	0.2m
NASDAQ	1.2m	1.2m	1.2m	1.2m	1.2m

NYSE Index					
High	Low	Open	Close	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

Dow Jones Averages					
Open	High	Low	Last	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

AMEX Diary					
Open	High	Low	Last	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

NASDAQ Index					
Open	High	Low	Last	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	124.50	124.00	124.00	-0.50	
AT&T	104.00	103.50	103.50	-0.50	
GE	44.00	43.50	43.50	-0.50	
Merck	114.00	113.50	113.50	-0.50	
Boeing	104.00	103.50	103.50	-0.50	

Dow Jones Bond Averages					
Open	High	Low	Last	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

NYSE Diary					
Open	High	Low	Last	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

Odd-Lot Trading in N.Y.					
Buy	Sell	Buy	Sell	Buy	Sell
124.50	124.00	124.00	124.00	124.00	124.00
104.00	103.50	103.50	103.50	103.50	103.50
44.00	43.50	43.50	43.50	43.50	43.50
114.00	113.50	113.50	113.50	113.50	113.50

Standard & Poor's Index					
Open	High	Low	Last	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

NASDAQ Diary					
Open	High	Low	Last	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

AMEX Stock Index					
Open	High	Low	Last	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

## Shares End Lower in New York

United Press International  
NEW YORK — Stock prices closed lower Tuesday in New York as two massive blue-chip rallies failed to get support from the broader market. Trading was moderate.  
Dow Jones industrial average slid 13.36 to 1,516.50 and declining issues outnumbered gainers by 1,048 to 527 the 2,056 issues traded. Volume fell to 128.7 million shares from 159 million on Monday.  
Prices opened mixed but turned lower when blue-chip issues could not sustain a modest gain. These issues made another foray into positive territory in midday trading, but soon lost that gain as well and slipped lower.  
The market is going through a profit-taking phase, said Larry Wachtel, market analyst at Prudential-Bache. "The broad market could go lower for another day or two before it rights itself," he added.  
Activity in the bond market was "non-descript," giving stock prices little direction, Mr. Wachtel said. He said tax-related selling, which traditionally has occurred during the first half of December, might be weighing on the market.  
Hugh Johnson, head of the investment policy committee at First Albany, said "subordinately high" short-term interest rates were making bond buyers "nervous and cautious."  
Mr. Johnson said government data on retail sales and producer prices, due on Thursday and Friday respectively, might move the market off dead center.  
Meanwhile, the market still must contend with nervousness about developments in the congressional inquiry into the Iranian arms sale.

"Some people want to see how the congressional investigation will shake out before they buy or sell," Mr. Johnson said. "It creates tension and uncertainty."  
Mr. Wachtel called investigations of insider trading the "last arms sale" "ticking time bomb." But he said their impact on the market would be cumulative rather than the result of individual revelations.  
Robert Kahn, head of equity trading at Montgomery Securities in San Francisco, said the market looked tired and gave way under the weight of a flat bond market. He said the Dow could slide to 1,900 but that the market probably would rally again before the end of the year.  
Pacific Gas & Electric (ex-dividend) was the most active NYSE-listed issue, falling 5 to 24 1/2.  
Carver Hawley Hale followed, rising 1 to 48 1/2 after sliding Monday when it announced a restructuring that prompted Limited and Edward DeBartolo to drop a sweetened tender offer of \$60 a share.  
AT&T eased 4 to 27 1/2, IBM slipped 1 to 126 1/2 and General Motors lost 1 to 70 1/2.  
United Technologies rose 1 to 45 1/2. The company announced a restructuring that will eliminate 11,000 jobs by the end of 1987.  
BankAmerica added 1 to 15. First Interstate, asked the Federal Reserve to clear its unsecured takeover bid for BankAmerica and said it might launch a hostile tender offer on less favorable terms than its latest bid.  
Lockheed fell 1 1/2 to 51 1/2. The company, which has been the subject of takeover speculation, said its board adopted a shareholder rights plan.

Table A					
High	Low	Open	Close	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

Table B					
High	Low	Open	Close	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

Table C					
High	Low	Open	Close	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

Table D					
High	Low	Open	Close	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

Table E					
High	Low	Open	Close	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

Table F					
High	Low	Open	Close	Chg.	
124.50	124.00	124.00	124.00	-0.50	
104.00	103.50	103.50	103.50	-0.50	
44.00	43.50	43.50	43.50	-0.50	
114.00	113.50	113.50	113.50	-0.50	

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WEDNESDAY, DECEMBER 10, 1986

Page

INTERNATIONAL MANAGER

New Suggestion Programs Pay Out Cash and Kudos

By SHERRY BUCHANAN

LONDON — A British Airways stewardess, after receiving repeated complaints from passengers that the airline's coffee was too strong, was awarded \$480 (\$681) for saving the company \$3,500 a year by suggesting that the company have the amount of coffee used in paper sachets. The award is part of BA's new suggestion plan, which aims at rewarding employees for ideas that save the company money or improve service to clients.

Suggestion plans, which in Britain, West Germany and Sweden started at the turn of the century and increased after World War II, are often perceived by employees as inefficient, as a management cost gone to get something or as a paternalistic handout.

What employees really want is recognition for their ideas.

But in the past few years, some European companies, such as the Swedish car company, Volvo AB, and British Rail, British Telecom and British Airways, have given the old programs a face-lift.

These companies have launched promotional campaigns to upgrade the image of dusty suggestion plans. Companies have overhauled the administration of the plans, often by computerizing them. They are efficient, British. And they have also decentralized the plans to enable supervisors to take part in deciding on the amount of the award rather than leaving it to a central corporate committee.

The verdict, according to these companies, is that more money alone does not make a suggestion plan successful. What employees really want, they say, is recognition for their ideas.

Ernie Higgins, last year's winner of British Telecom's annual award, was rewarded only \$3,000 (\$4,200) for an idea that will save the company an estimated \$10 million a year by making it easier to pinpoint flaws in telephone lines underground.

NOTWITHSTANDING the comparatively low reward, Mr. Higgins is submitting a new idea this year. In an interview with the British Broadcasting Corp., Mr. Higgins said that "designing things" was his hobby and he did not expect a large reward for a hobby.

"It is not simply the financial reward which motivates people," said Jack McCovey, chairman of BA's plan, British Airways. "It is the satisfaction and recognition which are also important. Any employee being awarded over \$1,000 is personally presented with a check and award by the chief executive of British Airways."

"Before, the scheme was run by top management and didn't have a particularly good image," he said.

British Airways revamped its suggestion plan three years ago, increasing the maximum reward to \$10,000, from \$5,000. Last year it received 4,000 suggestions, "substantial increase" according to the company. The suggestions saved \$800,000 and the plan paid out \$100,000.

But the company also launched a huge public relations campaign and computerized the plan so that all suggestions are answered within weeks instead of months. The company also included employee representatives at the departmental level in determining the awards and the running of the plan.

Two years ago, Volvo changed its suggestion plan but did not increase its maximum reward, which was already high by European standards, at 50 percent of the savings.

After the plan was introduced, the company said, suggestions increased eightfold, to 13,000 in 1985 for 20,000 employees.

The plan increases recognition of new ideas by rewarding every suggestion made with 50 kronor (87.20) and by introducing awards once a month instead of once a year.

Last March, the company started decentralizing the plan. See MANAGER, Page 13.

Interstate Steps Up BofA Bid

Now Considers A Hostile Offer

By Andrew Pollack

New York Times Service

SAN FRANCISCO — First Interstate Bancorp., stepping up its pursuit of BankAmerica Corp., has asked the Federal Reserve Board for permission to acquire the bank through a hostile offer if necessary.

Until Monday, First Interstate had said it was willing to engage in a tender offer without the approval of BankAmerica's board.

Separately, BankAmerica said it had sold its consumer trust department to a rival, Wells Fargo & Co., for \$100 million in cash.

The sale would add more than \$95 million before tax to First Interstate's earnings in the first quarter of 1987.

First Interstate said in its application to the Fed that it would accommodate "either a negotiated or nonnegotiated merger."

But it is not likely to start the tender unless receiving the Fed's approval.

To help convince the Federal Reserve to approve the takeover, Los Angeles-based First Interstate promised to raise, before the announcement of a merger, \$550 million in new primary capital.

The infusion is necessary to satisfy what is believed to be a central bank requirement that the original proposal be a "cash and stock" deal.

However, BankAmerica has argued that at least \$1 billion in new capital will be needed.

"Not enough capital, not enough price," said Stephen Herman, the banking analyst with Nomura Securities in New York. "They will not get this past the Fed. I guarantee it."

First Interstate said its new offer would be valued at \$21 a share, or \$3.4 billion.

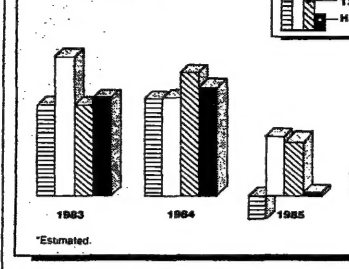
The existing offer is valued by First Interstate at \$22 a share, or \$3.4 billion.

However, the latest price is lower, the new offer is considered firmer because it does not include a preference for cash.

The takeover is contingent on future profits.

Singapore Falls Behind Its Rivals

Annual growth rates for the "Four Tigers" of Asia: Singapore, South Korea, Taiwan and Hong Kong.



Slowly, Slowly, Singapore Rebounds

Hampered by Overbuilding, Economy Inches Forward

By Nicholas D. Kristof

New York Times Service

SINGAPORE — After its first recession in two decades, Singapore's economy seems to be creeping forward again. But the country lost some of its confidence during the downturn, according to economists and business executives. Even the government says a return to the growth rates of the 1960s and 1970s, when the Singapore economy was a global powerhouse, is virtually impossible.

"The period of easy growth is now over," a committee of top officials investigating the recession has concluded. "The recession of 1985 and 1986 is a turning point in our economic development."

Singapore's grand shopping centers are resplendent with Christmas decorations, but consumers are doing more admiring than buying. And a glut of new buildings has slashed hotel rates and office leases.

After growing 9 percent a year for 25 years, Singapore's economy shrank nearly 3 percent in 1985 and 1986. Now it is hobbling forward again. The government recently raised its projection of the 1986 performance from a small decline in economic output to a small increase — between 1 and 2 percent.

"Barring accident, we would seem to be past the worst," said Richard E. Hale, the general manager in Singapore of Hongkong & Shanghai Banking Corp.

But analysts note that the recovery is inbalanced as well as feeble. Manufacturing is leading the recovery as hotels, restaurants, retailers and contractors remain in a slump.

The construction industry, which for a quarter century reaped large profits while building skyscrapers and endless new apartment blocks, is in the worst shape. Singapore, a city on an island that measures 227 square miles (586 square kilometers) at low tide, 224 square miles at high tide, became overbuilt in almost every sector.

At the new 73-story Westin Stamford Hotel, which calls itself the world's tallest hotel, a luxury room now costs only \$39 (85 Singapore dollars) a night. And businesses sometimes get six months' rent free on signing a new lease for office space. Rents on prime residential property also have plummeted.

In the hotel industry, which is important to Singapore's economy, the average occupancy rate for deluxe hotels will sink further next year, to a nadir between 50 and 60 percent, said A. Gary Cook, marketing director of the Westin Stamford and Westin Plaza hotels. "It'll be a very tough year for us," he said.

In such an environment, with high vacancy rates for office space and hotel rooms, no one wants to build. The construction industry is just 60 percent of its size of a couple of years ago, and it would be still smaller if the government had not speeded up some public-sector projects. Economists and executives predict that it will be several years before the excess building capacity is absorbed.

Singapore's big neighbors, Indonesia and Malaysia, are also in a slump. See SINGAPORE, Page 13.

Japan's Surplus On Trade Shows Signs of Retreat

By James V. Shultz

TOKYO — Japan's trade surplus is at last showing signs of diminishing, economists said Tuesday after the Finance Ministry reported a fall in the November surplus.

The November merchandise-trade surplus on a customs-cleared basis narrowed to \$7.35 billion from \$7.81 billion in October. It was the second successive decline in two months after the surplus reached a record \$8.95 billion in September.

"I think we are past the peak," said Peter Morgan, chief economist with Barclays de Zoete Wedd, the British investment bank. "The trade surplus is definitely on the way down."

Paradoxically, the strong yen undermined Japan's competitiveness abroad and cut the country's export volume, yet the surplus continued to soar until recently, due to a time lag between the speed of the rising yen and settlements of international trade bills.

"Japan had the worst of both possible worlds," said James Vestal, an economist with Baring F. East Securities. "They had the double problem of the negative implications for the economy and it increased trade friction."

But the lower surplus has cut 100 billion yen from Japan's trade surplus on a customs-cleared basis — possibly as large as \$80 billion — for the year ending next March, the economists said.

"I think we will see a fairly measurable decline in exports over the next several months and see its ports begin to rise early next year," said Eric Rasmussen, an economist with Jardine Fleming.

Japan's trade surplus with the United States shrank to \$4.90 billion in November from \$5 billion in October. This should also help dampen protectionist sentiment in Congress, as well as U.S. pressure for a further rise of the yen, the economists said.

But the surplus with the European Community widened to \$10.6 billion in November from \$9.85 billion in October.

Shultz, Treasury Secretary James A. Baker 3d and Agriculture Secretary Richard E. Lyne.

The tone of Mr. de Clercq's comments appears to indicate a more combative attitude by the EC.

But Mr. de Clercq described the recent cooperation between Tokyo and Washington as violating the "spirit" and the letter of GATT.

The commissioner reacted in summer between Tokyo and Washington. The EC filed a complaint to GATT authorities.

EC officials fear that U.S.-Japanese cooperation has made Japan shift more of its exports to the European arena from the U.S. market.

Taiwan Agrees to Open Market to U.S. Exports

By Clyde H. Farnsworth

New York Times Service

WASHINGTON — Following a threat of trade retaliation, Taiwan has agreed to open its market to American beer, wine and cigarettes, both governments announced. The move is expected to increase U.S. exports by about \$150 million in the first year.

At the same time, Taiwan, reacting to further pressure from the Reagan administration, has agreed to lift the value of its currency, a move also expected to lead to greater U.S. exports.

The trade agreement was reached after the Reagan administration began drafting retaliation under Section 301 of the Trade Act of 1974.

It guarantees access by American companies to Taiwan's \$1 billion-a-year retail beer, wine and cigarette markets, Larry Spokes, the White House spokesman, said on Monday.

The pact smooths importing procedures by permitting U.S. exporters of beer, wine and cigarettes to make a single payment of a monopoly tax instead of import duties and several other taxes, he said.

The single tax is expected to be low enough to allow American products to be "very price competitive," Mr. Spokes said.

The single tax was set at \$2.30 a thousand for cigarettes, \$2.30 a liter for wine and \$2.30 a liter for beer.

As a result of Monday's settlement, Mr. Spokes said, an unfair trade case against Taiwan has been ended.

In 1985, Taiwan had agreed in principle to open its market to American beer, wine and tobacco, but Taipei and Washington could not agree on a plan to meet that goal.

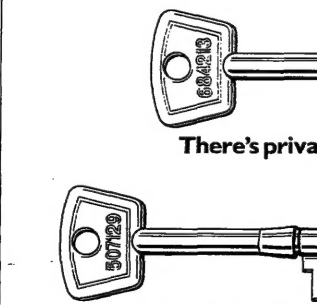
Last Oct. 27 President Ronald Reagan instructed the U.S. trade representative, Clayton K. Yeutter, to prepare to retaliate by drawing up a list of trade-restrictive measures against Taiwan.

Taiwan is running the fourth largest merchandise-trade surplus with the United States, after Japan, West Germany and Canada.

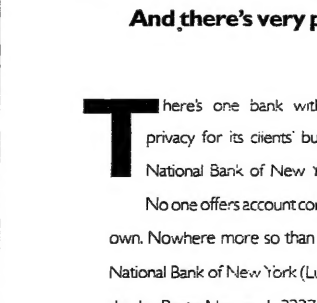
Taiwan's trade surplus with the United States is projected this year at \$13 billion, compared with \$10.6 billion last year.

The U.S. Treasury has quietly exerted pressure on both Taiwan and South Korea to accept higher currency values, which would make their exports more expensive and their imports cheaper.

The Taiwanese dollar has risen substantially since Aug. 26 and closed Tuesday at 36.17 to the U.S. dollar, up 3 cents on the day.



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Currency Rates

Currency	Rate	Change
Australian dollar	1.52	+0.01
British pound	1.58	+0.01
Canadian dollar	0.75	+0.01
French franc	6.55	+0.01
German mark	1.36	+0.01
Italian lira	1,360	+0.01
Japanese yen	160	+0.01
Netherlands guilder	3.60	+0.01
Spanish peseta	166	+0.01
Swiss franc	1.53	+0.01
West German mark	1.36	+0.01

Interest Rates

Instrument	Rate	Change
3-month T-bill	7.50%	-0.05%
6-month T-bill	7.50%	-0.05%
1-year T-bill	7.50%	-0.05%
3-month Treasury note	8.00%	-0.05%
6-month Treasury note	8.00%	-0.05%
1-year Treasury note	8.00%	-0.05%

Key Money Rates

Instrument	Rate	Change
3-month T-bill	7.50%	-0.05%
6-month T-bill	7.50%	-0.05%
1-year T-bill	7.50%	-0.05%
3-month Treasury note	8.00%	-0.05%
6-month Treasury note	8.00%	-0.05%
1-year Treasury note	8.00%	-0.05%

Asian Dollar Deposits

Instrument	Rate	Change
3-month T-bill	7.50%	-0.05%
6-month T-bill	7.50%	-0.05%
1-year T-bill	7.50%	-0.05%
3-month Treasury note	8.00%	-0.05%
6-month Treasury note	8.00%	-0.05%
1-year Treasury note	8.00%	-0.05%

U.S. Money Market Funds

Fund	Assets	Assets
Fidelity	\$1.5B	\$1.5B
Putnam	\$1.2B	\$1.2B
Investment Company of America	\$1.0B	\$1.0B

Gold

Instrument	Price	Change
Gold	\$380	+5
Silver	\$10	+0.10
Palladium	\$1,200	+20
Platinum	\$1,500	+30







Stock	Div. Yld. P/E	Shs. 100s	High	Low	Open	Quot. Ch
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**GOLD**  
Money you can trust.

**By Stuart Taylor Jr.**  
New York Times Staff Writer

**WASHINGTON** — The Supreme Court has agreed to decide the validity of federal regulations that prohibit the sale of goods in a case that could affect the ability of consumers to buy cameras, watches, perfumes and other costly imported goods.

Gray market goods are typically trademarked, authentic foreign-made products that independent retailers buy abroad and sell in the United States without the consent of the owner of the U.S. trademarks for the goods.

The case pits 47th Street Photo Inc. of Manhattan and Kmart Corp., both of which support the regulations, against the American Copyright Clearance Corporation, against Cartier Inc. and other trademark owners.

Trademark owners for foreign products that seek protection from competition from gray market importers.

K mart, which sells various gray market goods, also known as "parallel imports," in its 2,000 department stores, estimates that annual retail sales of such imports nationwide amount to \$6 billion.

The Customs Service has lowered the import duty on such goods in the last 30 years, when there is close competition between the foreign maker and the U.S. trademark owner, despite the fact that U.S. customs laws prohibit importation of trademarked foreign goods without the consent of the owner of the U.S. trademark.

Federal courts have split in recent years on whether the Customs Service regulations

The three consolidated appeals the court agreed on Monday to hear began as a suit against the government in which owners of U.S. trademarks for foreign products, Cartier, Chaudron, Cartier Group Ltd., and a group called the Coalition to Preserve the Integrity of American Trademarks, challenged the Customs Service and its group of 60 major companies.

Cartier owns the trademark for Cartier watches, and Charles of the Ritz, a subsidiary of Sears Corp., owns trademarks for perfumes sold by overseas affiliates.

K mart and 47th Street Photo entered the case on the government's side.

A three-judge panel of the federal court in New York City, Washington Circuit Judge, Judge Charles A. Smith, drew the Cartier


regulations, holding that gray market imports violated the language of the Federal Tariff Act of 1930.

A similar ruling by the Supreme Court could cost consumers hundreds of millions of dollars a year in savings, and K mart says in their appeals.

They argued that "gray market importation" has benefited American consumers by bringing prices down and the goods changed in foreign markets.

The government also appealed, describing the regulations as "an established element of the nation's foreign trade policy" and arguing that the appeals would "understand, would result in a serious disruption of established business practices and settled commercial

# THE PARIS LIBERTY FLAME APPEAL



outstanding French artisans, was asked to undertake the highly specialized work of building a new frame for the Statue, using a technique called "repoussé,"

abroad. Ever mindful of our own deep Paris roots and of the warm relations we have enjoyed throughout the century with the people of France, we are proud to take the lead in this undertaking.

In an age which is too often characterized by rapid swings in popular emotion on both sides of the Atlantic, we feel it is important to reaffirm two truths which have stood the test of time: the fundamental value of Liberty in our way of life and government, and the enduring strength of Franco-American friendship.

The France-America Liberty Fund welcomes contributions of any size and will acknowledge all gifts (unless otherwise instructed by the donors) by publishing periodic announcements listing the names of the contributors in the International Herald Tribune. The names of major donors will be inscribed on a plaque at the base of the monument.

If you wish to make a contribution, you may do so by forwarding the form

It is estimated that this project (including construction of the duplicate flame, transport and erection in Paris) will cost about U.S. \$400,000—and this is the amount we are undertaking to raise. Working together with our co-sponsors, Kevin MacCarthy Associates, an international law firm located in New York City, the IHT has established a non-profit corporation.

In this, the Statue of Liberty's centennial year, it seems appropriate that members and friends of the Franco-American community should make a similar gesture of gratitude and goodwill through an exciting project which has a similar symbolic importance: the creation of a new Paris Flame of Liberty, a striking public monument to be erected on a prominent site in Paris and consisting of a full-sized duplicate of the flame which now glows atop the upraised arm of the New York Statue.

France-America Liberty Fund, Inc., as well as a French "association", France-America Liberty Fund, to which tax deductible contributions can be made in both countries. We are pleased that the American Club of Paris has announced their full support and participation in this project.

To: Assn. France-America Liberty Fund  
c/o International Herald Tribune  
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☐ I have no objection to my name being published by the IHT in acknowledgement of my contribution.

MR LONDON MEATHROD, Esq.

**\* ZURICH \*\***

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